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INTERDEPENDENCE OF PR AND ADVERTISING

To date, most of the companies do not understand functions and tasks of PR, considering it part of advertising. Therefore, charges on PR such organizations plug in the item of expenses on advertising, although PR and advertising are quite different things: if PR creates and supports brands and reputation, advertising reminds about brands.

Budgets on advertising and PR must be differentiated, because they have quite different goals which complement each other perfectly. So, the budget of PR is expended for creation of positive perception of goods or services by target audience, and advertising's budget is spent to reduce competitors' chances to take the place in consciousness of users and at the market.

The difference between advertisement and PR budgets is huge not only in our country but in the whole world as well. According to experts in 2012 the market of PR in the USA made \$10 billions, when advertising made 58 times more (\$580 billions). Nevertheless, experts forecast that market share of public relations will grow, while role of PR as a strategic tool of reputation management increases. Furthermore, advertising becomes expensive in traditional sense and often does not simply reaches the target audience.

Despite the fact that lately idea about rise of PR and recession of advertising is popularized by some western scientists, practice shows the opposite. And it affects the marketing budgets' allocation directly.

PR budget takes about 15% of global advertising budget. In our country such correlation doesn't even exist. Generally companies don't have budget on PR either it's share is 5-10% at most. Yet, it stimulates the industry. The most creative PR decisions we can see, for example, in an unprofitable sector, where budgets are minimal.

For example, in a multibrand company like «OLIMP», there are a few trademarks and each one refers to its own segment of market. Consequently, each of them has its own aims, tasks, terms and promotion tools. Therefore, investment ratio of PR and direct advertising differs considerably for each trademark.

Also it's essential to understand that in «Direct advertising» concept (considering TV-ads and outdoor advertising) actually include such tool as «sponsorship». Although it would be logical to add such type of communication to the list of PR-instruments, today's alcohol producers use it as a direct method of promotion. It is not only media-sponsorship, which allows to be present in daytime TV and radio broadcast but also actual event-measures (as event sponsorship), receiving the full-scale announcing due to the sponsor of project.

Therefore, indicative investment ratio of PR and direct advertising varies in next range:

- lower-price segment - 5-8% on PR and 70-85% on direct advertising (including the direct advertising and sponsorship on TV and radio);
- middle-price segment – 10-15% on PR and 65-70% on direct advertising (including the direct advertising, sponsorship on TV and radio BTL measures and event sponsorship);
- higher-price segment - 15-25% on PR and 55-65% on direct advertising.

Speaking about a "premium" segment, the role of PR increases significantly, while special event-projects and placement of models in print media are used as the basic tools of the direct advertising. Other communication tools are also used here. They focused on achievement of that clearly limited, quite narrow and elusive target audience, which basically refers to traditionalists preferring well known and familiar trademarks.

Accordingly, we can conclude, that regarding the allocation of budget funds for PR and advertising should be noted that all depends on those strategic goals which company sets for every specific trademark and if cost and effectiveness ratio of contact with target audience while using PR tool is unreasonably high in comparison with resources of direct advertising then conclusions are obvious. If trademark's promo-campaign is based on the means of direct advertising, but it looks more like using a sledgehammer to crack a nut, you can't handle it without PR-tools.

Advertising and PR budget allocation in large companies depends on the features of company, its aims and current situation. It's clear, that in mass-market oriented company advertising will always prevail over PR. At the same time the players of B2B markets are much more oriented on the reputation constituent of their image. Same factors concern organizations, working in the problematic or conflict field. Functions of PR and advertisement are simply incorrect to compare.